

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics.

**The Possibilities of Social Media Marketing: Why Sponsored Posts on
Facebook and Instagram are effective Online Branding Tools**

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Abstract

This research is motivated by the incongruence of how businesses and contemporary research evaluate paid social media advertisement as online branding tools. Therefore, we examine *the possibilities of social media marketing: why sponsored posts on Facebook and Instagram are effective online branding tools*. A questionnaire was utilized to approach the research, and answer the hypotheses. Results from 316 participants indicated that sponsored posts were effective for brand awareness and intended purchases on Facebook, and for brand engagement on Instagram. We therefore conclude that sponsored posts are effective online branding tools, and that Facebook and Instagram complement one another.

Keywords: Social Media; Online Branding; Paid Advertisement; Sponsored Posts

1. Introduction

Social media has had an enormous impact on our daily lives. In essence, it has completely transformed how people search for information, interact or shop (Holt, 2016; King, Racherla, & Bush, 2014). One of the biggest players in the world of social media are Facebook and Instagram, the latter bought by Facebook Inc. in 2012 for \$1 billion (Rusli, 2012). Facebook's impressive and ever-growing number of users has grown to more than 1.65 billion in 2016. To put this into perspective, not only is it the largest such social platform, but more than 50% of all active internet users hold a Facebook account (Statista, n. d.). Not too far off, Instagram has reached about 400 million users and counting, and is the fastest growing social network (Sprinklr, 2014). Not surprisingly, the time spent on social media networks increases year after year, and has reached 1.72 hours/ day in 2015 or a 7% increase compared to the previous year (Mander, 2015). Along with the rising usage, there is an increasing shift towards mobile internet. A recent study has found 80% of social media time now occurs on our mobile devices, and as a matter of fact mobile social

networking is one of the most popular activities on smartphones and tablets. Facebook projects that by 2018, more than 75% of its users worldwide will access the service through their mobile devices (Sterling, 2016).

With billions of people across the globe on social media networks, it is obvious that businesses regard these platforms as potential markets and advertise their products and services (Curran, Graham, & Temple, 2011). Indeed, businesses were early to pick up the trend and reached out to potential customers on social media. However, they did so mostly using unpaid contents, such as creating their own social media presence. Such organic strategies alone no longer work for a number of reasons. One of the main reasons is the finite number of posts each user can process. An average Facebook user, is exposed to about 1,500 stories daily. All these stories compete with each other and consequently there are too many posts for the user's span of attention. Relying solely on organically created contents by the company itself is the 'lonely tree in the forest', great content is important, however relies on paid social media to ensure people see it (Sprinklr, 2014).

Paid social media advertising is seemingly the obvious solution. Put simply, posts are shown to a targeted audience and appear early or repeatedly in the newsfeed for a fee. Unsurprisingly, the amount spent on paid social media advertising is growing every year and has risen to \$24 billion in 2015 (an increase of 34% from the year before) and is expected to hit \$36 billion by 2017, or a 50% increase. Total social media advertising revenue is at \$33 billion up from \$18 billion 2 years ago, or an 83% increase (eMarketer, 2015; Nielsen, 2013; Sprinklr, 2014). Such paid advertising allows businesses to easily reach their target audience. A recent survey found that 76% of businesses use sponsored posts to create brand awareness (Pulizzi & Handley, 2016). It seemingly plays a major role in raising brand awareness and in branding-related activities, and is used for exactly these purposes. Consequently, companies around the world ramp up their paid

social media advertising budgets at the expense of other digital marketing budgets (Nielsen, 2013; PwC, 2010; Sprinklr, 2014). A recent survey found that 64% of businesses are to heavily increase their paid social media budgets in the next years (Nielsen, 2013). Businesses across the board use paid social media, and as e.g. success stories on Instagram suggest, it seems to pay off for them (Instagram, 2016; Nielsen, 2013; Sprinklr, 2014).

However, one crucial issue remains unclear, and that is how to measure the effectiveness of online advertising and even more complicated, the effectiveness of paid social media advertisements. As a matter of fact, it is a complex endeavor, and there are industry-wide doubts on whether currently used metrics are the right ones to measure the effectiveness claims, and if paid social media advertisement is at all effective as such (Nielsen, 2013; PwC, 2010). This leaves the question of how businesses can be sure of the effectiveness of paid social media advertising when, simultaneously, they are uncertain of the validity and accuracy of its applied metrics. PwC's conducted study not least suggests industry-wide discussions on what measures and metrics can serve as standards for online advertising effectiveness (PwC, 2010).

Social media is defined as the collective of online media channels that enables to participate, openly communicate, interact, share, create and collaborate (Holt, 2016; Obar & Wildman, 2015). Sponsored Posts are defined as posts (e.g., imagery, videos, etc.) to any social media network community that are explicitly sponsored as advertisement by a business with the intent to draw high levels of attention to the post (Mutum & Wang, 2010; Nielsen, 2013; Sprinklr, 2014). Online branding (also known as digital branding) is defined as the process of creating a unique and meaningful name and image for a product in the consumers' mind using digital techniques and tools such as online channels and assets as part of a multichannel brand communication and engagement program (Holt, 2016; Keller, 2008). Effectiveness in the sense of

branding, functioning as effective advertisement is defined as how well a business' advertising efforts accomplishes the intended objectives, most often measured by 'brand awareness', 'reach', and 'sales and profit' (Suttle, 2016; Tellis, 2009).

2. Literature review

With companies spending billions of dollars on paid social media advertisement, it is worthwhile noticing that contemporary research lags behind, and has yet to catch up on these developments and trends. A review of the literature suggests that, although attempts have been made to understand the phenomenon, it is still far from academically comprehending and grasping it in its full spectrum. For the purpose of this paper, we will first review past research on social media before shedding light into past works on Facebook and its advertising possibilities.

One of the first studies involving social media in a business context was conducted by Andrew McAfee in his 2006 research. He shaped the term 'Enterprise 2.0' by focusing his research on the benefits of social media for businesses and how businesses used social media with other companies, their partners and customers (Deans, 2012; McAfee, 2006, 2009). The tremendous and rapid growth of social media, its fast-changing character, coupled with its vast impact on businesses and business practices made marketing and social media popular areas of research among academic literature (Baker, 2009; Deans, 2012; Angel & Sexsmith, 2009). Research soon found common census that social media is an important marketing tool and especially effective for 'pull-strategies', hence making use of social media as a means to communicate information, knowledge, values etc. to customers (Lagrosen & Grunden, 2014). Academics progressed and in fact found evidence that social media marketing is not only becoming a dominant means for the development and maintenance of costumer engagement, but also affects customers' purchase behavior. Indeed, a study from the Journal of Marketing found that business-generated social

media marketing content increased sales (Ames, 2016; Kumar, Bezawada, Rishika, Janakiraman, & Kannan, 2016; Ruane & Wallace, 2013). Social media marketing was more and more understood as an online promotion- and sales support- tool. In this marketing function, social media helps in raising brand awareness and provides a platform to share the latest product-related information. Some researchers suggest that one of the core functions of social media is to improve brand awareness and brand loyalty (Ames, 2016; Kumar et al., 2016; Lee, 2010; Stelzner, 2013). With intensified attempts to more thoroughly grasp the field of question came the understanding that social media marketing is best used in a cross-media strategy. A multifaceted, synergistic approach that allows different social media means to work together to reach the target audience and display the desired marketing message (Kumar et al., 2016; Lee, 2010). Research on Facebook and its advertising possibilities show that besides offering vast opportunities, one of its key advantages are the effectiveness in reaching specific target audiences with ease and at considerably low costs (Curran et al., 2011). Other researchers focused on the advertising effectiveness of Facebook, finding evidence that indeed it is effective to a certain extent and widely used by social businesses (Tucker, 2016). Another popular field of investigation was the effectiveness of banner advertising on social media platforms. Research soon understood that banner ads had big limitations, as users were quick to develop a ‘banner-blindness’, and simply oversaw the ads (Curran et al., 2011).

The conducted literature review suggests that contemporary research has not yet studied paid social media advertising in its full depth, leaving a wide study gap between current business practices and the latest research status-quo.

3. Research proposal

Given this discrepancy, our suggested research aims to provide clarity in this matter. In detail, the purpose of this research is threefold. *First*, it seeks to narrow the gap between research status-quo and business practice on paid social media advertisement. *Second*, understanding how sponsored posts can help businesses in branding-relating actives. *Third*, this paper aims at enriching the discussion of developing a new framework to facilitate analyzing the effectiveness of sponsored posts as online branding tools. In order to meet these purposes, the main research question shall be formulated as follows: '*Are sponsored posts on Instagram and Facebook effective online branding tools?*'. To help answer this question, we utilize Keller's customer-based brand equity (CBBE) model along with six hypotheses that will be presented in the following.

Keller's CBBE model was chosen as it is commonly found in academic literatures, and widely applied in business practice, suggesting it is one of the most robust models in brand management related contexts (Keller 2008). The model is based on the principle that in order to build strong brands, a business needs to shape what customers think, feel and know about their products. It requires to build the right type of experiences around the brand, making sure customers have concrete and positive thoughts, feelings, beliefs, opinions, and perceptions about the brand. If that is fulfilled, the brand is said to have strong brand equity. Strong brand equity means that customers are willing to buy the products, recommending it to others, and are loyal customers. Keller formulates four steps that need to be carried out in order to achieve strong brand equity. These steps represent four fundamental questions customers commonly ask about a brand. Each question must be answered to reach the next one, giving the model its pyramid structure. In order to reach the top, and have a strong brand, six building blocks integrated in the four steps must be in place. *Step 1: Brand identity – who are you?* The objective of step 1 is to create brand awareness,

or brand salience. Put simply, the business needs to ensure its visibility and stand out so that customers are aware of the brand. *Step 2: Brand meaning – what are you?* The objective is to identify and communicate the meaning of the brand. This step consists of 2 building blocks, performance (defining how well the product meets customer needs) and imagery (determining how well customer needs are met on a social and psychological level). *Step 3: Brand Response – what do I think or feel, about you?* The customers' response to a brand falls into judgments and feelings, the 2 building blocks of this step. Customers constantly judge the brand on a variety of dimensions, and respond to how the brand makes them feel (direct feelings, and emotional feelings of how the brand makes them feel about themselves). *Step 4: Brand Resonance – how much of a connection would I like to have with you?* This is the last step and the top of the pyramid. Brand resonance is achieved when customers feel a deep and psychological bond with the brand (Keller, 2008, 2010).

Applying Keller's model for the purpose of this study suggests a modified framework. This is due to the fact that the original model comes from a hands-on approach on how to build powerful brands. The possibilities of online media are discussed and taken into consideration, however not situated in the center. The environment of this study – being set in the world of online social media platforms – therefore suggests the necessity of a shift in focus. To allow for such an appropriate and accurate fit between the wider settings of this study and its intended measures, we suggest the following, modified framework: The first step of Keller's framework aims at creating brand awareness. This is equally important for paid social media advertisement, which leads to hypothesis 1a, 1b, and 1c:

H_{1a}: Sponsored posts result in increased information seeking.

H_{1b}: Sponsored posts lead to higher entertainment, perceived credibility, and brand engagement and consumption of content.

H_{1c}: Sponsored posts increase the perceived value of social media advertising.

The second step of Keller's CBBE model attempts to identify and communicate brand meaning, sub-dividing it into performance and imagery. Both building blocks share the commonality that in order to be fulfilled, the brand needs to be purchased. Since paid social media is widely utilized as a branding-related tool, generated sales play a major role in its evaluation. This leads to hypothesis 2:

H₂: Sponsored posts about a brand on Facebook/ Instagram result in increased online purchase intentions of the same brand.

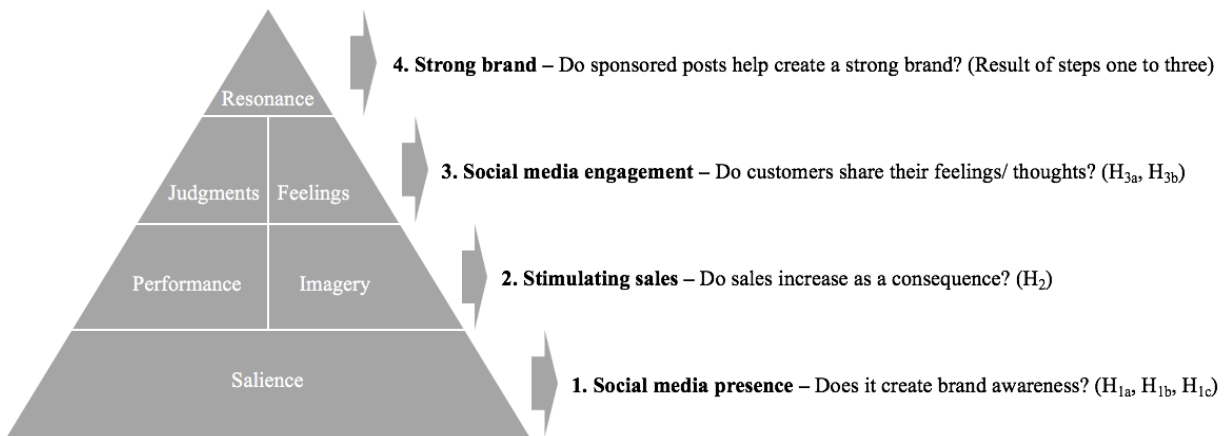
The objective of the third step is to ensure that customers respond to the brand with positive judgments and feelings. Paid social media assists businesses in branding, and consequently customers' shared positive or negative feelings/ judgments on social media have huge impact potential on the performance. This leads to hypothesis 3a and 3b.

H_{3a}: Sponsored posts result in increased brand engagement on social media sites.

H_{3b}: Sponsored posts lead to higher brand engagement and contribution of content.

If Keller's three questions are answered, and the corresponding five building blocks are in place, the frame for a strong brand is created so that the brand can reach the top of the pyramid (brand resonance, and fulfill question four and building block six). This paper therefore sees step one to three as a build-up to step four, the ultimately desired goal of the brand.

Figure 1: Modified CBBE model in the context of paid social media advertising



Source: Personal elaboration modified from Keller (2008, 2012)

4. Methodology

4.1 Participants and procedure

403 questionnaires were distributed randomly via the social networking platform Facebook and by email, inviting to take a 15-minute study. The survey comprised questions about paid social media advertisements on mobile Facebook/ Instagram, their awareness, and lastly users' reactions and responses to them. The platform SurveyMonkey.com was used to create and distribute the questionnaire, which was filled out anonymously by the respondents. 78% of respondents (a total of 316) fully answered the survey. The analysis was therefore based on the sample size containing those 316 answers. Respondents showed the following characteristics: 47% female, 53% male, $M_{age} = 22.7$, and $SD = 10.74$. The sample was composed of mobile Facebook/ Instagram users, aged 9 to 60, and 35 nationalities (most represented countries: USA: 35%, India: 21%, Germany: 15% and Portugal: 8%). 74% of respondents used both Facebook and Instagram, 23% only Facebook, and 3% only Instagram. Also, the study was conducted from July to September 2016.

4.2 Measures

The questionnaire used entailed measures adopted from previous literature – with minor modifications to appropriately fit the environments of this study. To ensure the study did not comprise systematic errors that would jeopardize and bias the findings and hinder analyzing results, we utilized pre-questionnaire questions as control mechanisms (e.g. testing whether respondents have and use Facebook/ Instagram on mobile devices, and whether they had changed settings to hide sponsored posts).

Paid social media advertisement informativeness, entertainment, credibility, and perceived value of social media were measured on a 7-point Likert scale adopted from Dao, Le, Cheng, and Chen, (2014), ranging from “(1) strongly disagree” to “(7) strongly agree”. *Brand engagement and consumption of content* was measured on a 7-point Likert scale adopted from Tsai, and Men, (2013), ranging from “(1) not at all descriptive of me” to “(7) completely descriptive of me”. *Online purchase intention* was measured on a 7-point Likert scale adopted from Dao et al. (2014), ranging from “(1) strongly disagree” to “(7) strongly agree”. *Brand engagement on social media* was measured on a 7-point Likert scale, adopted from Yang, Lin, Carlson, and Ross (2016), ranging from “(1) strongly disagree” to “(7) strongly agree”. *Brand engagement and contribution of content* was measured on a 7-point Likert scale adopted from Tsai, and Men, (2013), ranging from “(1) not at all descriptive of me” to “(7) completely descriptive of me”.

The number of sponsored posts subjects recognized daily on Facebook/ Instagram was derived from requesting to provide such information. In detail, subjects had the following options: 0; 1-3; 4-6; 7-9; ≥ 10 ; I have absolutely no idea (educated guess was requested). Also, subjects evaluated the visibility of sponsored posts on a scale from “(1) strongly disagree” to “(7) strongly agree”. Besides, respondents were to fill out a short demographic section on gender, age,

nationality, highest degree, occupation, and average time on Facebook/ Instagram. The reliability of measures was tested by Cronbach's Alpha for all items. The computed values for Cronbach's Alpha, all being greater than .883, provide evidence of the reliability of the measures (see Table 1). Also, the table gives an overview of the measurements of variables and their sources.

Table 1: Measurements, sources and Cronbach's Alpha

Variables	Measurements	Source	Cronbach's Alpha
Paid Social Media Advertisement: Informativeness	Advertisements are valuable sources of information about products Advertisements tell me which brands have the features I am looking for Advertisements help me to keep up to date about products available in the marketplace	Dao et al. (2014)	.883
Paid Social Media Advertisement: Entertainment	Advertisements are amusing and entertaining Advertisements are even more enjoyable than other media contexts I feel pleasure in thinking about what I saw/heard/read in advertisements Advertisements are interesting	Dao et al. (2014)	.916
Paid Social Media Advertisement: Credibility	Advertisements are credible Advertisements are trustworthy Advertisements are believable	Dao et al. (2014)	.938
Perceived Value of Social Media	Advertisements are useful Advertisements are valuable Advertisements are important	Dao et al. (2014)	.932
Brand Engagement and Consumption of Content	I usually like or follow sponsored posts on Facebook and/ or Instagram I am always interested in viewing pictures on sponsored posts' Facebook and/ or Instagram pages I am always interested in reading sponsored posts, user comments, or products reviews I like to watch videos on sponsored posts' Facebook Instagram pages	Tsai, and Men (2013)	.932
Online Purchase Intention	I will definitely buy products from sponsored posts in the near future I intend to purchase products from sponsored posts in the near future It is likely that I will purchase products from sponsored posts in the near future I expect to purchase products from sponsored posts in the near future	Dao et al. (2014)	.958
Brand Engagement on Social Media	I like to become a fan of the brand of the sponsored post for the official brand page on Facebook and/ or Instagram I like to initially talk about the brand of the sponsored post, such as posting content, sharing posts, and tagging photos related to the brand of the sponsored post on my own Facebook and/ or Instagram page I like to respond to the content posted by the brand of the sponsored post in the comment section, such as liking, commenting and sharing the content	Yang et al. (2016)	.908
Brand Engagement and Contribution of Content	I usually engage in conversations on sponsored posts' Facebook and/ or Instagram pages (commenting, asking and answering questions) I usually share sponsored posts (videos, audios, pictures, texts) on my own Facebook and/ or Instagram page I usually recommend sponsored posts to Facebook/Instagram contacts I usually upload product or brand-related videos/audios/pictures/images	Tsai, and Men (2013)	.944
Awareness of sponsored posts	How many sponsored posts do I recognize on one day on my mobile Facebook (Instagram) account? I think the visibility of sponsored posts on Facebook (Instagram) is overall given	Personal development	n. a.

Source: Personal elaboration adapted and modified from Dao et al. (2014), Tsai, and Men (2013), and Yang et al. (2016), and reliability analyses from SPSS 23

5. Results

Preliminary analysis: Respondents summarized as function of gender and age groups. Table 2 categorizes respondents as “young” (respondents aged \leq median age of 19 years) and “old” (respondents aged \geq median age, so 19+). It shows that gender proportions are close to equal in both subgroups.

Table 2: Respondents categorized by gender and age groups

Gender	Age groups		Total
	“Young” (\leq Median)	“Old” ($>$ Median)	
Female	81	69	150
Male	93	73	166
Total	174	142	316

Source: Personal elaboration with descriptive data from SPSS 23

A comparison of sponsored posts according to platforms: In order to answer the hypotheses, the data from the questionnaire was processed to indicate the extent to which sponsored posts (SP) affect users in terms of brand awareness, online purchase intention, and social media engagement. Given the survey structure, SP were categorized in (S) “small” (1-3 SP), “medium” (4-6 SP), and (L) “large” (7+ SP), and independently reported for Facebook and Instagram. An ANOVA single factor test was run, and results of all means indicated no significant differences across all scales for both Facebook and Instagram. This led to the decision to reorganize the data in 2 subgroups, S (1-3 SP), and L (4+ SP), which proved appropriate given the 7+ SP group displayed small numbers compared to the other subgroups. Hence, reorganizing allowed for a more equal distribution. Table 3 shows the independent-samples t-test results of all means (M) and platforms.

Table 3: Means, independent-samples t-test results and p-values

Variable	Facebook			Instagram		
	Small (1-3)	Large (4+)	P	Small (1-3)	Large (4+)	P
Paid Social Media Advertisement:	4.01	4.34	.076*	4.42	4.44	.952
Informativeness						
Paid Social Media Advertisement: Entertainment	3.39	3.60	.219	3.67	3.86	.376
Paid Social Media Advertisement: Credibility	3.46	3.61	.393	3.67	3.75	.714
Perceived Value of Social Media	3.97	4.35	.045*	4.25	4.51	.222
Brand Engagement and Consumption of Content	3.14	3.44	.116	3.63	3.58	.840

Online Purchase Intention	3.22	3.52	.105	3.61	3.77	.475
Brand Engagement on Social Media	3.03	3.22	.345	3.24	3.62	.124
Brand Engagement and Contribution of Content	2.53	2.79	.205	2.87	3.18	.217

Source: Personal elaboration with independent-samples t-test and group statistics from SPSS 23

Facebook: Starting with the scale paid social media advertisement: informativeness, the findings suggest that respondents in group L informed themselves more about brands and products seen in SP than group S (M 's = 4.34 and 4.01; $p < .10$). Thus H_{1a} was supported. The findings of the scale perceived value of social media suggest that group L experienced a higher perceived value compared to group S (M 's = 4.35 and 3.97; $p < .10$). Therefore, H_{1c} was supported. All other scales suggest no significant differences. *Instagram:* no significant differences across all scales.

A comparison of sponsored posts according to platforms and age groups: Given age arguably plays a powerful role in social media behavior, it stood to reason to run such an analysis. Therefore, the data was processed to indicate the significant differences between age groups. Group “young” (below median age of 19 years, $M = 15.6$), and group “old” (above median age, $M = 29.8$ years).

Table 4 shows the independent-samples t-test results of all means, age groups and platforms.

Table 4: Means, independent-samples t-test results and p-values

Variable	Facebook (young)			Facebook (old)		
	Small (1-3)	Large (4+)	P	Small (1-3)	Large (4+)	P
Paid Social Media Advertisement:	4.03	4.15	.622	3.99	4.59	.037*
Informativeness						
Paid Social Media Advertisement:	3.47	3.45	.906	3.29	3.81	.068*
Entertainment						
Paid Social Media Advertisement: Credibility	3.59	3.32	.255	3.30	3.98	.014*
Perceived Value of Social Media	4.17	4.25	.752	3.74	4.49	.013*
Brand Engagement and Consumption of Content	3.14	3.23	.716	3.14	3.73	.062*
Online Purchase Intention	3.19	3.35	.515	3.25	3.75	.094*
Brand Engagement on Social Media	2.98	3.05	.781	3.09	3.43	.278
Brand Engagement and Contribution of Content	2.39	2.63	.362	2.70	3.00	.341
Variable	Instagram (young)			Instagram (old)		
	Small (1-3)	Large (4+)	P	Small (1-3)	Large (4+)	P
Paid Social Media Advertisement:	4.11	4.43	.251	4.77	4.45	.347
Informativeness						
Paid Social Media Advertisement:	3.47	3.81	.195	3.90	3.95	.890
Entertainment						
Paid Social Media Advertisement: Credibility	3.47	3.68	.447	4.02	3.87	.663
Perceived Value of Social Media	4.13	4.51	.177	4.38	4.52	.687

Brand Engagement and Consumption of Content	3.36	3.43	.833	3.93	3.85	.846
Online Purchase Intention	3.33	3.67	.228	3.92	3.94	.953
Brand Engagement on Social Media	2.99	3.49	.098*	3.52	3.83	.445
Brand Engagement and Contribution of Content	2.64	2.95	.329	3.12	3.58	.277

Source: Personal elaboration with independent-samples t-test and group statistics from SPSS 23

Results for subgroup *Facebook “young”*, and *Instagram group “old”* suggest no significant differences across all scales. *Subgroup Facebook “old”*: Starting with the scale paid social media advertisement: informativeness, the findings suggest that respondents in group L informed themselves more than group S ($M's = 4.59$ and 3.99 ; $p < .10$). Thus H_{1a} was supported. Going to the scale paid social media advertisement: entertainment, findings suggest that group L experienced a higher degree of entertainment than group S ($M's = 3.81$ and 3.29 ; $p < .10$). The findings of the scale paid social media advertisement: credibility, suggest that group L regarded SP as more credible than group S ($M's = 3.98$ and 3.30 ; $p < .10$). The findings of the scale brand engagement and consumption of content, suggest group L was more active in engaging with, and consuming SP than group S ($M's = 3.73$ and 3.14 ; $p < .10$). Thus H_{1b} was supported. As for the scale perceived value of social media, the findings suggest that group L experienced a higher perceived value compared to group S ($M's = 4.49$ and 3.74 ; $p < .10$). Therefore, H_{1c} was supported. Going further, the findings of the scale online purchase intention, suggest group L was more likely to purchase from SP than group S ($M's = 3.75$ and 3.25 ; $p < .10$). Thus H_2 was supported. The remaining 2 scales did not display significant differences. *Subgroup Instagram “young”*: The findings of the scale brand engagement on social media, suggest group L was more likely to engage with SP in social media channels ($M's = 3.49$ and 2.99 ; $p < .10$). Thus H_{3a} was supported. All other scales suggest no significant differences.

A comparison of sponsored posts according to platforms and gender: Gender differences in social media behavior have been studied by many researchers in the past, and findings have

suggested significant differences can exist. To account for such possible differences, the data was processed to indicate the significant differences between genders. Table 5 shows the independent-samples t-test results of all means, genders and platforms.

Table 5: Means, independent-samples t-test results and p-values

Variable	Facebook (female)			Facebook (male)		
	Small (1-3)	Large (4+)	P	Small (1-3)	Large (4+)	P
Paid Social Media Advertisement: Informativeness	4.05	4.13	.752	3.96	4.52	.040*
Paid Social Media Advertisement: Entertainment	3.30	3.29	.965	3.47	3.87	.124
Paid Social Media Advertisement: Credibility	3.48	3.48	.995	3.41	3.72	.232
Perceived Value of Social Media	3.89	4.37	.084*	4.05	4.34	.291
Brand Engagement and Consumption of Content	3.05	3.21	.576	3.24	3.64	.142
Online Purchase Intention	3.24	3.32	.758	3.20	3.69	.077*
Brand Engagement on Social Media	2.87	2.88	.970	3.17	3.50	.247
Brand Engagement and Contribution of Content	2.23	2.43	.466	2.84	3.10	.389
Variable	Instagram (female)			Instagram (male)		
	Small (1-3)	Large (4+)	P	Small (1-3)	Large (4+)	P
Paid Social Media Advertisement: Informativeness	4.27	4.36	.784	4.56	4.50	.844
Paid Social Media Advertisement: Entertainment	3.53	3.49	.915	3.81	4.17	.209
Paid Social Media Advertisement: Credibility	3.84	3.61	.502	3.64	3.87	.425
Perceived Value of Social Media	4.28	4.67	.227	4.22	4.38	.596
Brand Engagement and Consumption of Content	3.54	3.31	.537	3.71	3.79	.807
Online Purchase Intention	3.42	3.55	.716	3.77	3.95	.561
Brand Engagement on Social Media	3.11	3.02	.803	3.36	4.10	.023*
Brand Engagement and Contribution of Content	2.59	2.56	.929	3.12	3.66	.112

Source: Personal elaboration with independent-samples t-test and group statistics from SPSS 23

Subgroup Facebook “female”: The findings of the scale perceived value of social media, suggest that group L experienced a higher perceived value compared to group S (M 's = 4.37 and 3.89; $p < .10$). Therefore, H_{1c} was supported. All other scales suggest no significant differences.

Subgroup Facebook “male”: The findings of the scale paid social media advertisement: informativeness, suggest that respondents of group L informed themselves more than group S (M 's = 4.52 and 3.96; $p < .10$). Thus H_{1a} was supported. Going further, the findings of the scale online purchase intention, suggest that group L was more likely to purchase from SP than group S (M 's = 3.69 and 3.20; $p < .10$). Thus H_2 was supported. All other scales suggest no significant differences.

Subgroup Instagram “female”: All scales suggest no significant differences.

Subgroup Instagram “male”: The findings of the scale brand engagement on social media, suggest that group L was more likely to engage with SP on social media channels than group S (M 's = 4.10 and 3.36; $p < .10$). Thus H_{3a} was supported. All other scales suggest no significant differences.

6. Discussion

The results showed that SP (sponsored posts) had behavioral impact on brand awareness, online purchase intention, and social media engagement, yet were subject to the sample population used, and the platform. H_{1a} and H_{1c} were the only significantly supported hypotheses for Facebook, if total sample population was subject, and no hypotheses for the equivalent Instagram analysis. Going deeper, and separating age groups, H_{1a} , H_{1b} , H_{1c} , and H_2 were significantly supported for Facebook (subgroup “old”). The equivalent Instagram analysis (subgroup “young”) showed solely significant support for H_{3a} . Applying gender as separating variable, H_{1a} and H_2 were significantly supported for Facebook (subgroup “male”), and H_{1b} was significantly supported for Facebook (subgroup “female”). The equivalent Instagram analysis (subgroup “male”) showed solely significant support for H_{3a} .

Accounting for Keller’s modified CBBE model, results showed that SP had the potential to be effective for online branding related activities, if the right audiences were addressed. For the subgroup Facebook “old”, the model’s step 1 was fulfilled, given H_{1a} , H_{1b} and H_{1c} were significantly supported. Step 2 was also fulfilled as H_2 was significantly supported. The subgroup Instagram “young” and Instagram “male” both showed that SP were effective for step 3, since H_{3a} was significantly supported in each of both sub-analyses. This showed that the platforms Facebook and Instagram both held differing and complementing roles. Facebook users sought the platform for brand awareness reasons such as informing themselves about the brands and products in the SP, and were also willing to purchase featured products from the SP. Instagram users sought the

platform for social media engagement reasons, such as liking, commenting or responding to SP in social media environments. Therefore, combining Facebook and Instagram showed the potential to help build powerful brands through the help of SP.

The result that Facebook's paid social media advertisements is effective in targeting specific subgroups with marketing messages is consistent with the findings of Curran et al. (2011). This study elaborates on the effectiveness of Facebook ads in addressing specific demographics accurately and at small cost. Furthermore, the findings that Facebook's paid social media contents are indeed effective for specific groups are in line with Tucker (2016). This suggests the effectiveness of Facebook's sponsored advertising in the field of social ads. Moreover, the outcome that a cross social media strategy, i.e. Facebook and Instagram functioning as complements, is most effective for online branding related activities, is aligned with Kumar et al. (2016) and Lee (2014). Overall, we extend the findings of these studies, which already sought to clarify the opportunities of using an integrated, cross media strategy for companies and their business objectives.

7. Limitations and suggestions for future research

Every study is subject to limitations, this one is no exception. *First* due to the newness of the study field, the number of appropriate scales was limited. Given time constraints, this study could not develop its own reliable and valid scales. For further studies, we suggest to develop robust scales specifically dedicated to paid social media advertisements. *Second*, this study focused on understanding the impact of paid social media advertisements on a generic level. Research findings invite for a more detailed analysis by age or generational cohorts in further studies to more thoroughly grasp paid social media advertising. *Third*, due to the use of questionnaire as data gathering tool, respondents may not or only partially answer the questions exactly according to

actual behavior, thoughts and feelings. For further analyses, and to account for such common-method biases, it is suggested to use multiple data gathering tools. *Fourth*, due to the nature of the study, we captured a one-point-in-time image of current consumer patterns and behaviors. Given the enormous speed social media is changing, we suggest for further studies to perform such research at two different times to compare for significant differences between those.

8. Managerial implications

Theoretical implications: This study has shown that paid social media advertisement has the potential to be effective, and help companies build strong brands using SP as online branding tool. It has also shown that current business practices, to invest into and increase paid social media advertising budgets is justified, if branding objectives are clearly defined. Therefore, contemporary research, and especially those researchers with interests in (online) advertising, consumer behavior, and digital branding opportunities, should help work towards defining industry-wide standard measures and KPI's to help businesses and academics alike better grasp this new field of study. Such metrics would support academics in comparing research results and consequently allow for a more holistic understanding. Academics are advised to partner up with businesses and actively exchange information and knowledge to help accelerate the process of obtaining robust industry-wide metrics. This is especially vital since the environment of social media is of such a fast-paced and changing character.

Practical implications: Marketers have already adopted to the use of paid social media advertising to help their organically created contents reach their target audiences, and have increased paid social media advertising budgets sharply in recent years, as discussed in the introduction. Although this study found paid social media advertising to be effective for online branding-related activities, companies should develop an unequivocal strategy for their paid social media advertising

endeavor, and even more importantly have their branding objectives clearly defined. Companies should understand that depending on their branding objectives, different platforms and specific audiences are most appropriate.

Companies pursuing brand awareness as their main goal, should focus on Facebook, as its users react – generally speaking – to more SP with higher interest to inform themselves about the brands and products in the SP, and experience a higher perceived value of such advertisements. Conversely, companies that not only focus on brand salience but also on purchase drivers should, again focus on Facebook and especially target male users. It is especially important to comprehend for businesses that more mature users (subgroup “old” in this study displayed an average of 29.8 years) react especially positive to more SP on Facebook for both, brand awareness activities, and intended online purchases. If the company’s objective is to increase brand engagement, they should target Instagram users, as they generally react to more SP positively for brand engagement reasons, such as liking, sharing and getting involved in conversations about SP. Especially male users – for the same purposes – react positively to more SP. Those businesses that aim at using online branding to help build powerful brands should understand that Facebook and Instagram function as complements and address different facets of online-branding.

9. Conclusion

The use of sponsored posts as online branding tools influences businesses’ branding performance. Subject to the online audiences targeted, users on Facebook that were shown a higher number of sponsored posts had displayed increased brand awareness and expressed increased intended purchase decisions. Increased brand engagement was diagnosed in Instagram users that received a higher number of sponsored posts. The analysis suggests that Facebook and Instagram

are effective online branding tools, they address different facets of online branding efforts and, lastly, they complement one another.

10. References

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